



Ontario Housing Corporation

AN AGENCY OF THE MINISTRY OF HOUSING

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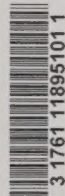
Hon. Donald R. Irvine, Minister
Emerson Clow, Chairman, Board of Directors



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Lot Lease Program



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THE LOT LEASE PROGRAM

That large down payment normally required on the open real estate market often prevents moderate income families from buying a house.

OHC's Lot Lease Program, an integral part of the Home Ownership Made Easy (H.O.M.E.) Plan, is designed primarily for those who can't meet those big down payments.

It works this way: By making serviced lots available on a lease basis, OHC removes the land costs from the necessary down payment on a new house.

OHC concentrates on basic, no-frill housing for those serviced lots.

By offering the lots on a lease basis and by encouraging economical construction which results in more reasonable prices, OHC effectively reduces the amount of money required for a down payment on the purchase of a new house.

LOT LEASING

OHC's serviced lots are offered on the basis of a 50-year lease, with lot rental payments based on OHC's cost of acquiring, servicing and administering the land.

A home owner has the option of purchasing the lot at any time after five years of the lease have elapsed. If he were to decide to buy, the price would be the market value of the lot at that time.

He may purchase the lot either in cash or through an agreement of sale which would permit amortization of the lot price over a period of up to 35 years. The interest charged would be at the current OHC lending rate.

If a house is resold, the lot lease is revised to reflect the current market values.

BUILDERS

Before OHC seeks proposals from the construction industry, it establishes "target prices" for basic, no-frill housing.

These target prices are based on current appraised building costs in the municipality in which the lots are located. Builders are invited to submit their best prices in relation to the target price levels.

The proposals are judged on architectural merit, value, price levels and their relationship to the income range of potential buyers.

Builders can submit prices above or below the target levels. However, a point rating system used to evaluate proposals gives greater weight to submissions below target levels, and to those that will serve the variety of incomes within the income range the program is designed to serve.

Those builders taking part in the program are limited to charging the sales prices they submitted in their proposals to OHC. They are not allowed to install or charge for extras.



ELIGIBILITY

Applicants for a H.O.M.E. Plan house must have the financial ability to meet monthly carrying charges.

Houses on leased lots may be purchased with a down payment as low as five per cent of the house price. Mortgage financing for the houses is available from the province on a five-year term, to be amortized over 35 years at lower-than-market interest rates.

Generally, eligibility is limited to single-income families earning up to \$14,500 a year, and to two-income families earning not more than \$17,000 annually. In the latter case 100 per cent of both incomes is totalled to determine eligibility.

Applicants must have been Ontario residents for at least one year, and no family is allowed to benefit more than once from an OHC home ownership program in the same municipality.

RESTRICTIONS

To curb speculation in house sales, OHC must approve the resale of a H.O.M.E. Plan house during the first five years of the original lease. When establishing a resale price, OHC allows for an annual increment in the value of the house plus the value of any physical improvements the owner may have made.

All house construction must conform to the building by-laws of the municipality in which it is located. Construction must also conform to the Canadian Code for Residential Construction which is issued by the association committee of the National Building Code, National Research Council.